

Wilson's Role In Stock Deal Led to Ouster

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Attorney General John N. Mitchell dumped his chief enforcer of criminal laws 10 days ago after the Federal Deposit Insurance Corp. reported that Will Wilson may have violated federal banking laws in a Texas stock fraud scandal.

The FDIC report called for an investigation of Wilson's role in bank loans and stock purchases for Ted Bristol, an FDIC bank examiner who has since been indicted. The report was the first indication that Wilson may have been involved in banking law violations while a private lawyer for Houston financier Frank W. Sharp.

Wilson, who has retained his Georgetown residence since he resigned Oct. 16 as assistant attorney general in charge of the Justice Department's criminal division, maintained yesterday that he has done nothing illegal.

He said the FDIC report, which he was shown, "didn't seem important" to Mitchell and Deputy Attorney General

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Richard G. Kleindienst when they convinced him to resign.

The FDIC report questioned whether Wilson actually was unaware of the governmental post held by Bristol when he purchased \$10,000 worth of stock for Bristol's wife on Feb. 20, 1968. It called for an investigation into Wilson's role in the stock purchase and also whether Wilson was unaware that he was paying for electronic surveillance of bank examiners in late 1967 when he spent \$2,500 of his own money, later reimbursed by Sharp, to "Construction Consultants, Inc."

Justice Department sources said yesterday that Wilson's role in these and other aspects of the Sharpstown State Bank fraud is under investigation by a federal grand jury in Houston. Wilson said he has not been called by the grand jury.



WILL WILSON
... dumped by Mitchell

A total of eight men, including Bristol and three other former banking examiners, were indicted Sept. 29 on charges of scheming with

Sharp to defraud the government. The indictments said the conspiracy was based on a series of loans made to the bank examiners by corporations controlled by Sharp, who was later granted immunity in exchange for his testimony before state and federal grand juries.

After the indictments, U.S. Attorney Anthony J.P. Farris said, "The indictments represented only the first batch and deal with banking law violations."

Justice sources said yesterday if Wilson purchased stock for Bristol knowing it was in payment for circumventing a proper bank examination, he would be guilty of a crime.

It would also be a crime, they said, to knowingly purchase the services of an electronic surveillance expert to spy on bank examiners.

Wilson stressed again yesterday that he was only "do-

ing a favor for a client" in both instances. He said he did not know the reasons behind Sharp's requests of him. But the FDIC report triggered the ouster by Mitchell and Kleindienst, although Wilson himself says he bears no grudge against his former bosses. Right up until his face-to-face encounter with the Attorney General, however, Wilson was determined not to quit and thus taint a law enforcement and judicial career that took him to the heights of Texas politics. "It's not my style to run from a fight," said Wilson. "But they convinced me it was for the best."

Mitchell reportedly showed Wilson the investigative file on the Sharpstown case, including the FDIC memo. But he also discussed the political ramifications of remaining on the job, including the prospects for widespread Demo-

cratic criticisms during a presidential election year. Rep. Henry Gonzalez (D-Tex.) has been making daily speeches trying to implicate Wilson in the scandal that has already led to the indictments of major Texas politicians.

Except in Texas, Gonzalez' criticism isn't making waves. But Wilson was told that he could become a continuing source of embarrassment if a presidential contender like Sen. Edmund S. Muskie saw in his relations with Sharp a national campaign issue.

Mitchell was one of the last persons at Justice to be convinced Wilson had to go. On the operating levels, however, the several months that Wilson remained under a cloud was harmful even though Wilson had disassociated himself from the case at the outset.

Wilson feels his mistake was in doing his client, Sharp,

unquestioning favors. He acknowledges that he knew Sharp was a wheeler-dealer but credits Sharp with at least having a role in increasing Wilson's worth from \$500,000 to \$1.3 million between 1963 and 1969.

Just about a year before his appointment to the Justice Department, Wilson was asked by Sharp to purchase \$10,000 worth of stock for the wife of Bristol, who was then an FDIC bank examiner. Wilson said he didn't know Bristol's identity nor did he ask. "I did a favor for a client," he said.

Bristol repaid Wilson through Sharp with a loan that was the basis for Bristol's subsequent indictment.

The same kind of transaction occurred in late 1967 when federal and state bank examiners were investigating irregularities at the Sharpstown State Bank. This time,

Justice sources said, Joe Novotny, president of the bank, asked Wilson to pay through his law firm's account \$2,500 for "construction work," and then to bill the bank for "legal services."

Wilson says he had no idea the money was for breaching the security of an official investigation. While there was no law at the time against electronic eavesdropping, Wilson's role, unwitting or otherwise, damaged irreparably his position inside the Justice Department when it came to light.